

Analysis: Bush Child-Health Limit Divisive

By Olga Pierce

United Press International

February 15, 2007

WASHINGTON -- Most U.S. House members agree that the State Children's Health Insurance Program (SCHIP) should be reauthorized later this year, but dissension on the issue surfaced at a subcommittee hearing this week, with the battle lines drawn along controversial changes to the program included in President Bush's health budget.

"People on both sides of the aisle obviously want to reauthorize," said Rep. Joe Barton, R-Texas, ranking member of the House Committee on Energy and Commerce, at a health subcommittee hearing.

"But there will be some differences of opinion."

Advocates of the program, known as SCHIP, say that the joint federal-state program, which offers health coverage to 5 million low- and moderate-income children, has proven its worth and should be expanded.

States, they say, should follow the lead of New Jersey and others by offering the coverage to children up to 300 percent of the federal poverty line and even some parents. More than 60 child health organizations have signed on to a letter to Congress calling for \$60 billion in additional funding for the program over the next five years to sustain current enrollment and fund proposed expansions.

Bush's proposed 2008 budget, however, would only expand funding by \$4.2 billion over the same period. It also seeks to limit the program to children only -- meaning no parents or pregnant women -- under 200 percent of the federal poverty line, by sharply curtailing federal matching funds.

That means that states will have to use their own funds to cover adults and children in families with incomes over roughly \$40,000.

Insufficiently funding SCHIP will keep it from doing its job -- covering uninsured children, said subcommittee chairman Rep. Frank Pallone, D-N.J.

"The most immediate and glaring problem is lack of funding for the program," he said. "Simply stated, more money is needed in order to ensure the viability of SCHIP.

"(Bush's) plan shortchanges America's children."

When the program was launched ten years ago, it provided for steadily increasing fixed levels of funding which have been divided among the states in the form of block grants. Total federal funding in 2007 is about \$5 billion. In previous years, states have managed to keep their programs afloat by covering shortfalls with unused funds from previous years.

However, most of those funds have been exhausted and 18 states already face the prospect of turning eligible children away.

Under Bush's proposed funding level, the situation would get worse, said Rep. John Dingell, D-Mich.

"The fact is, we know how to provide healthcare for children in a cost-effective way," he said,

and the president's plan is a "roadmap leading us regrettably in the wrong direction."

Limiting states' ability to extend eligibility will also hurt the program in the long run, Democrats said at the hearing.

"The evidence is clear -- covering parents helps increase the coverage for children," Dingell said, because eligible parents are more likely to enroll their children in SCHIP.

Keeping parents out "draws a line down the middle of a family," said Jan Schakowsky, D-Ill.

Bush's proposal to offer coverage only to families below 200 percent of the federal poverty line also drew fire from Democrats on the committee.

The 200 percent boundary is "an arbitrary line," Schakowsky said, that will deny coverage to children in families a dollar above it, but offer it to families with a few dollars less.

Two of the witnesses also testified that they felt "punished" when their incomes went up moderately and they lost eligibility for the program.

But Republicans defended Bush's proposals as reasonable and fiscally prudent.

State flexibility "should have some limits," said Rep. Nathan Deal, R-Ga. "In some states, the program has lost its focus: that is to cover children."

Instead of just expanding SCHIP, he said, long-term solutions should be found to make private insurance more affordable, like reducing insurance benefits mandated by states.

"We are not giving anyone a blank check to spend taxpayer dollars," agreed Rep. Michael Burgess, R-Texas. "Any dollar spent on an adult is a dollar not spent on a child."

Expanding public programs, he said, could "crowd out" private insurance and actually increase the number of people without private-sector insurance.

The priority, he said, should be "looking for ways to use existing resources more wisely."